

Message Text

PAGE 01 STATE 036639
ORIGIN NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02
CIEP-02 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-02 L-03
NSC-05 PA-02 PRS-01 SS-15 AGRE-00 STR-04 CEA-01 /104 R

DRAFTED BY NEA/INS:J R GRAHAME/DIW
APPROVED BY NEA/INS:R F OBER, JR.
-----180127 084181 /75-70

P R 172036Z FEB 77
FM SECSTATE WASHDC
TO AMEMBASSY NEW DELHI PRIORITY
INFO AMCONSUL CALCUTTA
AMCONSUL MADRAS
AMCONSUL BOMBAY

UNCLAS STATE 036639

E.O. 11652: N/A

TAGS: USINJC, US, IN

SUBJECT: INDO-US BUSINESS COUNCIL JOINT COMMUNIQUE

TEXT OF BUSINESS COUNCIL JOINT COMMUNIQUE ISSUED AT
CONCLUSION FEB 14-15 MEETING FOLLOWS:

1) THE SECOND MEETING OF THE INDIA-U.S. BUSINESS COUNCIL
WAS HELD IN WASHINGTON, D.C., ON FEBRUARY 14-15, 1977. THE
AMERICAN DELEGATION INCLUDED FOURTEEN PROMINENT BUSINESS
LEADERS, AND WAS CHAIRED BY ORVILLE L. FREEMAN, PRESIDENT
OF BUSINESS INTERNATIONAL CORPORATION. THE INDIAN
DELEGATION INCLUDED TWENTY SENIOR REPRESENTATIVES OF THE
INDIAN BUSINESS COMMUNITY, LED BY M.V. ARUNACHALAM,
PRESIDENT OF THE FEDERATION OF INDIAN CHAMBERS OF COMMERCE
AND INDUSTRY AND MANAGING DIRECTOR OF CARBORUNDUM
UNCLASSIFIED

PAGE 02 STATE 036639

UNIVERSAL LTD.

2) THE MEETING WAS OPENED BY MR. FREEMAN'S EXPRESSION
OF SYMPATHY TO THE INDIAN DELEGATION, AND ALL DELEGATES
OBSERVED A MINUTE OF SILENCE IN MEMORY OF INDIAN PRESIDENT
FAKHRUDDIN ALI AHMED. DR. RICHARD L. LESHER, PRESIDENT
OF THE CHAMBER OF COMMERCE OF THE UNITED STATES, WELCOMED
THE DELEGATES TO THE CHAMBER AND NOTED THE CONTRIBUTION

WHICH THE COUNCIL WAS MAKING, THROUGH ITS DISCUSSION OF

CRITICAL ECONOMIC AND COMMERCIAL POLICY ISSUES, TO IMPROVED RELATIONS BETWEEN INDIA AND THE UNITED STATES, AND HE REITERATED THE CHAMBER'S STRONG SUPPORT OF THE COUNCIL AND ITS PROGRAMS. MR. FREEMAN ALSO PASSED ON TO THE GROUP A MESSAGE OF GREETING FROM PRESIDENT CARTER, AND NOTED THAT THE PRESIDENT WAS COMMITTED TO IMPROVING RELATIONS BETWEEN THE U.S. AND THE DEVELOPING NATIONS, AND IN PARTICULAR TO STRENGTHENING ECONOMIC TIES BETWEEN INDIA AND THE UNITED STATES.

3) THE COUNCIL MEMBERS REVIEWED ECONOMIC AND POLITICAL DEVELOPMENTS WHICH HAD TAKEN PLACE IN INDIA AND THE UNITED STATES SINCE THE FIRST MEETING, HELD IN FEBRUARY OF 1976, INDIAN-AMERICAN TRADE RELATIONS AND THE WAYS IN WHICH INDIAN EXPORTS COULD BE INCREASED, THE OPPORTUNITIES FOR AMERICAN FIRMS TO INVEST IN INDIA, AND THE PROSPECTS FOR INCREASED COLLABORATION BETWEEN INDIAN AND AMERICAN FIRMS IN VENTURES IN THIRD COUNTRIES.

4) ECONOMIC AND POLITICAL DEVELOPMENTS.

THE ECONOMIC AND POLITICAL DEVELOPMENTS IN THE TWO COUNTRIES WERE REVIEWED, AND THE AMERICAN DELEGATION NOTED THAT THE INDIAN ECONOMY'S CONTINUED STRENGTH WAS A SOURCE OF CONSIDERABLE SATISFACTION. IN PARTICULAR, THE INCREASED FOREIGN EXCHANGE RESERVES, THE VERY SATIS-

UNCLASSIFIED

PAGE 03 STATE 036639

FACTORY PRODUCTION ACHIEVED IN THE AGRICULTURAL SECTOR, AND THE STRENGTH OF THE INDIAN RUPEE WERE NOTED AS REASONS FOR OPTIMISM ABOUT THE HEALTH OF THE ECONOMY. THE IMPORTANCE OF DEVELOPING SOLUTIONS TO THE PROBLEM OF UNEMPLOYMENT AND UNDEREMPLOYMENT IN INDIA WAS ALSO STRESSED. THE COUNCIL AGREED THAT THE SCHEDULING OF ELECTIONS IN INDIA IN THE SPRING WOULD DO MUCH TO REASSURE THE INTERNATIONAL COMMUNITY THAT THE COUNTRY'S DEMOCRATIC DEVELOPMENT WOULD CONTINUE.

5) THE CONTINUED RECOVERY OF THE AMERICAN ECONOMY WAS DESCRIBED, AND IN SPITE OF WEAKNESS IN CERTAIN SECTORS THE DELEGATES PREDICTED THAT THE PROSPECTS FOR CONTINUED EXPANSION WERE GOOD. THE ECONOMIC STIMULATION POLICY PRESENTED BY THE CARTER ADMINISTRATION WAS VIEWED AS A SIGN THAT EFFORTS WOULD BE MADE TO INCREASE THE PACE OF THE RECOVERY, AND PARTICIPANTS WERE HOPEFUL THAT SUCH EXPANSION WOULD NOT GENERATE RENEWED INFLATIONARY PRESSURES.

6) TRADE ISSUES.

THE MEMBERS OF THE COUNCIL REVIEWED THE PROVISIONS OF THE U.S. GENERALIZED SYSTEM OF PREFERENCES (GSP), AND

AGREED THAT THERE WERE OPPORTUNITIES FOR INCREASED EXPORTS OF INDIAN PRODUCTS TO THE U.S. UNDER THE PROGRAM. THE AMERICAN DELEGATES AGREED THAT A DETAILED STUDY OF THE PARTICULAR PROVISIONS OF GSP AND THE EXPORT OPPORTUNITIES IT CONTAINED WOULD BE USEFUL, AND THAT THE COUNCIL WOULD CONDUCT SUCH A STUDY. THE EXPORT OF INDIAN TEXTILES, ESPECIALLY HANDLOOM PRODUCTS, TO THE US. WAS REVIEWED, AND DELEGATES NOTED THAT, TO THE EXTENT THAT POLITICAL CONSIDERATIONS PERMITTED REVISION OF THE QUOTA SYSTEM GOVERNING SUCH PRODUCTS, IT WOULD BE DESIRABLE TO SEEK A LIBERALIZATION OF THE TERMS OF THE QUOTA AGREEMENT. THE POINT WAS MADE THAT EXPORTS OF AMERICAN MACHINERY AND UNCLASSIFIED

PAGE 04 STATE 036639

OTHER ITEMS COULD BE EXPECTED TO INCREASE AS A RESULT OF THE INDIAN GOVERNMENT'S LIBERALIZATION OF IMPORT POLICIES DUE TO THE IMPROVED FOREIGN EXCHANGE BALANCES.

7) DELEGATES ALSO AGREED THAT A THOROUGH STUDY OF THE INCENTIVES AND DISINCENTIVES OF EXPORTING FROM INDIA WOULD LEAD TO USEFUL RECOMMENDATIONS TO THE GOVERNMENT OF INDIA ABOUT WAYS IN WHICH THE EXPORT PROMOTION PROGRAM COULD BE MADE MORE EFFECTIVE, AND IT WAS SUGGESTED THAT THE COUNCIL SHOULD UNDERTAKE SUCH A STUDY. IN ORDER TO INCREASE THE AWARENESS IN THE UNITED STATES ABOUT THE OPPORTUNITIES FOR IMPORTING FROM OR EXPORTING TO INDIA, AND TO EXPAND THE UNDERSTANDING OF THE WAYS IN WHICH TO DEVELOP SUCH OPPORTUNITIES, ONE OR MORE TRADE DEVELOPMENT WORKSHOPS SHOULD BE CONDUCTED IN THE UNITED STATES. INFORMATION ON AMERICAN RETAILING PRACTICES AND REQUIREMENTS WILL BE FORWARDED TO THE INDIAN SECTION ON REQUEST. THE SPONSORSHIP OF TRADE MANAGEMENT SEMINARS IN INDIA, CURRENTLY CONDUCTED BY SEVERAL ORGANIZATIONS, WAS NOTED AS A VERY IMPORTANT CONTRIBUTION TO INCREASED INDIAN EXPORTS, ESPECIALLY FROM SMALLER PRIVATE COMPANIES. THE COUNCIL SUGGESTED THAT A TRADE INFORMATION BUREAU BE ESTABLISHED TO ANSWER INQUIRIES CONCERNING IMPORT AND EXPORT OPPORTUNITIES AND PROBLEMS, AND THE MEMBERS WERE PLEASED THAT THE STATE TRADING CORPORATION OF INDIA OFFERED TO ORGANIZE AND SPONSOR SUCH A BUREAU.

8) JOINT VENTURES IN INDIA.

PARTICIPANTS REVIEWED THE AREAS IN WHICH FOREIGN INVESTMENT IN INDIA WOULD BE MOST DESIRABLE, AND THE COUNCIL FULLY SUPPORTED THE IMPORTANT ROLE WHICH FOREIGN INVESTMENT WOULD PLAY, IN PARTNERSHIP WITH PRIVATE INDIAN INVESTMENT, IN THE ACHIEVEMENT OF INDIA'S FULL ECONOMIC POTENTIAL. RECENT CHANGES IN THE GUIDELINES OF THE FOREIGN EXCHANGE REGULATION ACT (FERA) WERE REVIEWED, UNCLASSIFIED

PAGE 05 STATE 036639

AND THE DELEGATES AGREED THAT THE INCREASED FLEXIBILITY INCORPORATED IN THE GUIDELINES WAS TANGIBLE EVIDENCE OF THE GOVERNMENT OF INDIA'S RECOGNITION OF THE IMPORTANCE OF ATTRACTING FOREIGN INVESTMENT AND A USEFUL FIRST STEP TOWARD IMPROVING THE FOREIGN INVESTMENT ENVIRONMENT.

9) THE COUNCIL WAS BRIEFED ON THE STATUS OF THE AMERICAN SECTION'S TASK FORCE ON INVESTMENT, AND ON ITS ANALYSIS OF THE INVESTMENT LAWS AND REGULATIONS GOVERNING THE OPERATIONS OF FOREIGN INVESTMENT IN INDIA. IT WAS AGREED THAT ONCE THE ANALYSIS HAD BEEN COMPLETED IT WOULD BE FORWARDED TO THE INDIAN SECTION FOR REVIEW AND COMMENT. IN THIS WAY IT WAS HOPED THAT AN UNDERSTANDING ABOUT THE STRUCTURE OF INVESTMENT REGULATIONS AND THE MANNER IN WHICH THOSE REGULATIONS ARE ADMINISTERED COULD BE ACHIEVED, TO THE BENEFIT OF ALL PARTIES. A REVIEW OF THE LIST OF SPECIFIC ISSUES RAISED BY THE AMERICAN SECTION FOLLOWING THE FIRST COUNCIL MEETING WILL BE CONDUCTED BY THE AMERICAN SECTION, AND THE ISSUES WHICH REMAIN UNRESOLVED WILL BE FORWARDED TO THE INDIAN SECTION FOR DISCUSSION WITH ITS GOVERNMENT. IN ADDITION, THE INDIAN SECTION PRESENTED A SERIES OF DESCRIPTIVE OUTLINES OF SUCCESSFUL INDIAN-AMERICAN JOINT VENTURES IN INDIA. THESE WILL BE USED IN EFFORTS TO NOTIFY THE AMERICAN BUSINESS COMMUNITY ABOUT THE OPPORTUNITIES FOR MUTUALLY PROFITABLE RELATIONSHIPS IN INDIAN INDUSTRY, AND THE INDIAN SECTION WILL PREPARE MORE THOROUGH CASE STUDIES FOR FUTURE USE.

10) COMMERCIAL COOPERATION IN THIRD COUNTRIES

PROSPECTS FOR INCREASED COLLABORATION BETWEEN INDIAN AND AMERICAN FIRMS IN VENTURES IN THIRD COUNTRIES WERE GIVEN CONSIDERABLE ATTENTION, AND THE COUNCIL AGREED THAT, PARTICULARLY IN CONSTRUCTION AND CAPITAL DEVELOPMENT

PAGE 06 STATE 036639

PROJECTS IN THE MIDDLE EAST AND IN SOUTHEAST ASIA SUCH ARRANGEMENTS COULD BE ATTRACTIVE TO ALL CONCERNED. SUCH VENTURES WOULD COMBINE THE PARTICULAR ASSETS AND SKILLS OF INDIAN AND AMERICAN CONSTRUCTION, ENGINEERING AND PROCESS INDUSTRIES TO THEIR MUTUAL BENEFIT AND WITH A POSITIVE IMPACT ON THE ECONOMY OF THE HOST COUNTRY.

11) THE DELEGATES NOTED WITH SATISFACTION THAT THE OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC) HAD WRITTEN AN ARTICLE DESCRIBING THE CONCEPT AS QTE TRIANGULAR CONTRACTING UNQTE AND THAT THE ARTICLE WOULD BE PRINTED IN A FUTURE ISSUE OF A CONSTRUCTION INDUSTRY TRADE JOURNAL IN THE UNITED STATES. SEVERAL WAYS OF BUILDING ON THE INTEREST WHICH THE ARTICLE WAS

EXPECTED TO GENERATE WERE DISCUSSED, AND DELEGATES AGREED THAT IT WOULD BE MOST USEFUL TO EXPAND THE FLOW OF INFORMATION TO THE UNITED STATES ABOUT THE CAPACITIES AND SKILLS AVAILABLE IN INDIAN INDUSTRY, AND TO INCREASE ACCESS WITHIN INDIA TO INFORMATION ABOUT AMERICAN PRACTICES AND PROCEDURES. THE COUNCIL AGREED THAT A SPECIFIC PROGRAM TO INCREASE THE FLOW OF SUCH INFORMATION SHOULD BE DEVELOPED, AND THE COUNCIL WILL TAKE THE INITIATIVE IN ORGANIZING THE PROJECT.

12) THE DELEGATES AGREED THAT THERE WERE MANY WAYS IN WHICH INDIAN-AMERICAN COMMERCIAL TIES COULD BE INCREASED AND STRENGTHENED TO MUTUAL ADVANTAGE, THROUGH INCREASED TRADE, JOINT VENTURES IN INDIA, AND INDUSTRIAL CO-OPERATION IN THIRD COUNTRIES. FURTHERMORE, THE COUNCIL NOTED THAT THE FULL EXPLORATION AND DEVELOPMENT OF SUCH OPPORTUNITIES WOULD REQUIRE PATIENCE, UNDERSTANDING, A KNOWLEDGE OF THE REQUIREMENTS OF THE RESPECTIVE BUSINESS COMMUNITIES AND AN AWARENESS OF THE NATURE OF THE INDIAN AND AMERICAN ECONOMIES.

13) COUNCIL MEMBERS WERE PLEASED WITH THE SUCCESS OF THE UNCLASSIFIED

PAGE 07 STATE 036639

MEETING, AND WITH THE LARGE NUMBER OF ISSUES WHICH HAD BEEN PROFITABLY REVIEWED. IT WAS AGREED THAT MEETINGS BETWEEN THE VARIOUS TASK FORCES ESTABLISHED BY EACH SECTION DURING THE COMING YEAR WOULD BE A USEFUL WAY OF CONTINUING THE STRENGTHENING OF UNDERSTANDING CREATED DURING THE MEETING. THE THIRD JOINT MEETING OF THE COUNCIL WILL BE HELD IN INDIA DURING FEBRUARY 1978, AND THE EXECUTIVE COMMITTEES WILL MEET IN THE U.S. DURING SEPTEMBER 1977.

END OF JOINT COMMUNIQUE.
HARTMAN

UNCLASSIFIED

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 22-Sep-1999 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 17-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE036639
Document Source: ADS
Document Unique ID: 00
Drafter: NEA/INS:J R GRAHAME/DIW
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Expiration:
Film Number: D770057-0834
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197702100/baaaevgz.tel
Line Count: 258
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Message ID: ef4d1fbf-c288-dd11-92da-001cc4696bcc
Office: ORIGIN NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 26-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3233890
Secure: OPEN
Status: NATIVE
Subject: INDO-US BUSINESS COUNCIL JOINT COMMUNIQUE
TAGS: BGEN, BEXP, US, IN, USINJC
To: NEW DELHI INFO CALCUTTA MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ef4d1fbf-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009